

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended December 31, 1994

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number 1-5725

A. Full title of the plan and the address of the plan, if different from  
that of the issuer named below:

Nichols-Homeshield 401(k) Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the  
address of its principal executive office:

Quanex Corporation  
1900 West Loop South, Suite 1500  
Houston, Texas 77027  
Phone: (713) 961-4600

## INDEPENDENT AUDITORS' REPORT

The Benefits Committee  
Quanex Corporation  
Houston, Texas

Re: Nichols-Homeshield 401(k) Savings Plan

We have audited the accompanying statement of net assets available for benefits of the Nichols-Homeshield 401(k) Savings Plan (the "Plan") as of December 31, 1994, and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 1994, and the changes in net assets available for benefits for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information by fund and supplemental schedules of (1) investments as of December 31, 1994 and (2) 5% reportable transactions for the year ended December 31, 1994 are presented for the purpose of additional analysis of the basic financial statements rather than to present information regarding the net assets available for benefits and changes in net assets available for benefits of the individual funds. This information and these schedules are not a required part of the basic financial statements. The schedules are supplementary information required by the Department of Labor's Rules and Regulation for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental information and these schedules are the responsibility of the Plan's management. Such supplemental information and schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

We were engaged to audit the financial statements of the Plan as of December 31, 1993, and for the year then ended. These financial statements are the responsibility of the Plan's management.

As permitted by Section 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note C, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certification from the trustee as of and for the year ended December 31, 1993, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to express, and do not express, an opinion on the accompanying 1993 financial statements taken as a whole. The form and content of the information included in the financial statements, other than that derived from the information certified by the trustee, have been audited by us in accordance with generally accepted auditing standards and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

/s/ Deloitte & Touche LLP

May 17, 1995

QUANEX CORPORATION  
NICHOLS-HOMESHIELD 401(k) SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE  
FOR BENEFITS

	December 31,	
	1994	1993
Assets:		
Investments, at fair value -		
Mutual fund assets	\$15,699,683	\$15,492,445
Quanex Corporation common stock	235,079	-
Common/commingled trust	301,399	-
	16,236,161	15,492,445
Participant loans	754,101	754,644
Total investments	16,990,262	16,247,089
Receivables:		
Employer	99,021	87,333
Employee	92,359	76,973
	191,380	164,306
Net assets available for benefits	\$17,181,642	\$16,411,395

See notes to financial statements.

QUANEX CORPORATION  
NICHOLS-HOMESHIELD 401(k) SAVINGS PLAN  
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE  
FOR BENEFITS

	December 31,	
	1994	1993
	-----	-----
Investment income:		
Interest and dividends	\$ 687,316	\$ 891,916
Net appreciation (depreciation) in fair value of investments	(571,943)	736,578
Total	----- 115,373	----- 1,628,494
Contributions		
Employer	1,120,702	1,050,833
Less forfeitures	20,055	19,602
	----- 1,100,647	----- 1,031,231
Employee	1,178,336	1,043,363
Total	----- 2,278,983	----- 2,074,594
Interest on participant loans	51,773	44,842
Total additions	----- 2,446,129	----- 3,747,930
Benefit payments	1,672,433	1,353,612
Administrative fees	3,449	-
Total deductions	----- 1,675,882	----- 1,353,612
Increase in net assets available for benefits	770,247	2,394,318
Net assets available for benefits:		
Beginning of year	16,411,395	14,017,077
End of year	----- \$ 17,181,642	----- \$ 16,411,395
	=====	=====

See notes to financial statements.

QUANEX CORPORATION  
NICHOLS-HOMESHIELD 401(k) SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 1994 AND 1993

A. DESCRIPTION OF THE PLAN

The following description of the Nichols-Homeshield 401(k) Savings Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

- (1) General. The Plan was established on October 1, 1987 as a defined contribution plan under Section 401(k) of the Internal Revenue Code ("IRC") which covers substantially all salaried and non-union hourly employees at the Nichols-Homeshield division of Quanex Corporation (the "Company") and bargaining unit employees at the Lincolnshire, Illinois plant. On October 31, 1991, this plan merged with the Nichols-Homeshield, Inc. and Participating Companies Salaried Employees Profit Sharing Retirement Plan. Effective January 1, 1992, the name was changed from the Nichols-Homeshield, Inc. 401(k) Savings Plan to the Nichols-Homeshield 401(k) Savings Plan when the sponsorship was transferred to the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The assets of the Plan are held in trust by Fidelity Management Trust Company (the "Trustee"). The Benefits Committee (the "Committee"), appointed by the Company's Board of Directors, serves as the Plan administrator.
- (2) Contributions. Employees are eligible to make contributions to the Plan after three months of service. Effective July 1992, participants may elect salary deferrals between 1% and 15% of compensation as defined by the Plan agreement. The Company makes contributions on behalf of employees who have at least one year of service. The Company contribution is based on company profits and is calculated based on a percentage of the employee's compensation.
- (3) Participant Accounts. Each participant's account is credited with the participant's contribution, the employer's contribution, and an allocation of investment income. Investment income allocations are based upon individual participant account balances as of the end of the period in which the income was earned.
- (4) Investment Options. Effective April 1, 1992, the Company appointed the Trustee to manage all funds of the Plan. Participants may direct allocation of their contributions to eight investment funds and Quanex stock as follows:
  - Government Money Market Fund - composed of short-term government obligations.
  - Short-Intermediate Government Fund - invested and reinvested in securities issued by U. S. government.
  - Balanced Fund - invested and reinvested in common and preferred stocks and bonds.
  - Growth and Income Fund - invested and reinvested in equity and debt securities of foreign and domestic companies.

Magellan Fund - invested and reinvested in equity and debt securities of foreign and domestic companies.

Contrafund - invested and reinvested in equities of foreign and domestic companies.

Overseas Fund - invested and reinvested in foreign securities.

Common/Commingled Trust - invested and reinvested in investment contracts issued by insurance companies, banks and other financial institutions.

Puritan Fund - invested and reinvested in common and preferred stocks and bonds.

Quanex Corporation Common Stock - invested and reinvested exclusively in the common stock of Quanex Corporation.

During 1994, the Common/Commingled Trust and the Quanex Corporation Common Stock were added as investment options. In addition, the Short-Intermediate Government Fund was replaced by the Puritan Fund effective July 1, 1994.

- (5) Vesting. Participants are immediately vested in their voluntary contributions and earnings thereon. Vesting in the employer contribution is based on years of credited service. A participant is 20% vested for each year of credited service and fully vested after five years. If a participant terminates employment prior to becoming fully vested, the nonvested portion of the employer contributions are immediately forfeited by the participant and utilized to reduce future employer contributions.
- (6) Payment of Benefits. The Plan is intended for long-term savings but provides for early withdrawals and loan arrangements under certain conditions. Upon termination of service, a participant may elect to receive a cash lump-sum distribution equal to the amount of vested benefits in his or her account. For further discussion of benefits payable, see Note G.
- (7) Loans. Loans may be granted to a participant of the Plan at the Committee's discretion. Any loan authorized by the Committee shall be subject to a term not to exceed five years. The Committee may agree to a longer term (up to seven years) only if the proceeds of the loan are to be used to purchase a dwelling. The loans bear a reasonable rate of interest established by the Committee. Interest on the loan is allocated to the borrower's participant account.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Accounting Basis. The financial statements of the Plan are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.
- (2) Administrative Expenses. Administrative expenses of the Plan are paid by the Company. Loan set up fees and carrying fees are paid by the participant.

- (3) Investment Valuation. The Plan recognizes net appreciation or depreciation in the fair value of its investments. Investments are reflected at fair value in the financial statements. Fair value of mutual fund assets is determined using a quoted net asset value. Fair value for Quanex Corporation Common Stock, which is listed in the New York Stock Exchange, is determined by using the last recorded sales price
- (4) Payment of Benefits. Benefits are recorded when paid.

C. INVESTMENTS AND INFORMATION FURNISHED BY THE TRUSTEE (UNAUDITED)

The following is a summary of the unaudited information included in the Plan's 1993 financial statements and supplemental schedules that was prepared by the Trustee and furnished to the Company. The Company obtained certification from the Trustee that such 1993 information is complete and accurate.

	1993 -----
At December 31, Investments, at fair value	\$15,492,445
For the year ended December 31, Interest and dividends	891,916
Net appreciation (depreciation) in fair value of investments	736,578

In addition, 1993 investment-related information included in Notes F, H and I has been certified by the Trustee.

D. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to terminate the Plan at any time subject to the provisions set forth in ERISA. In the event of plan termination, the assets held by the Trustee under the Plan will be valued and fully vested, and each participant will be entitled to distributions respecting his or her account.

E. FEDERAL INCOME TAX STATUS

Management of the Company, the Plan administrator, and the Plan's legal counsel are of the opinion that the Plan is qualified under Sections 401(a) and 401(k) and exempt from federal income tax under Section 501(a) of the IRC. The Plan received a favorable letter of tax determination from the Internal Revenue Service dated November 7, 1990 as to the tax-exempt status of the Plan.



## F. RELATED PARTY TRANSACTIONS

During the year ended December 31, 1994 and 1993, the Plan purchased shares of Quanex Corporation common stock, as shown below:

1994		1993	
Shares	Cost	Shares	Cost
-----	-----	-----	-----
10,964	\$255,321	-0-	-0-

During the year ended December 31, 1994, the Plan sold 687 shares of Quanex Corporation common stock at \$20,171 (cost \$17,920).

During the years ended December 31, 1994 and 1993, the Plan purchased shares of Fidelity mutual funds, as shown below:

1994		1993	
Shares	Cost	Shares	Cost
-----	-----	-----	-----
4,518,739	\$8,517,972	1,770,553	\$8,945,132

During the year ended December 31, 1994, the Plan sold 2,308,717 shares of Fidelity mutual fund assets valued at \$7,682,740 (cost \$7,741,110). During the year ended December 31, 1993, the Plan sold 2,220,950 shares of Fidelity mutual fund assets valued at \$7,812,039 (cost \$7,661,190).

During the year ended December 31, 1994, the Plan purchased 580,428 shares (cost \$580,428) of Fidelity, the Trustee Common/Commingled Trust. During the year ended December 31, 1994, the Plan sold 279,029 shares of Fidelity, the Trustee Common/Commingled Trust for \$279,029 (cost \$279,029).

## G. RECONCILIATION OF FINANCIAL STATEMENT TO FORM 5500

Benefits payable are not reportable as a liability on the statement of net assets available for benefits in the financial statements prepared in conformity with generally accepted accounting principles. See reconciliation of financial statements to Form 5500 below:

	December 31,	
	1994	1993
	-----	-----
Net assets available for benefits per financial statements	\$17,181,642	\$16,411,395
Less: Benefits payable	553,455	163,387
	-----	-----
Net assets available for benefits per Form 5500	\$16,628,187	\$16,248,008
	=====	=====

For the years ended December 31, 1994 and 1993, benefit payments recorded in the financial statements totaled \$1,672,433 and \$1,313,612, respectively. Benefit payments for 1994 and 1993 recorded in Form 5500 totaled \$2,062,501 and \$1,359,133, respectively.

H. ALLOCATION OF NET ASSETS AVAILABLE FOR BENEFITS TO INVESTMENT PROGRAMS  
The following tables provide supplemental information regarding the net assets available for benefits by investment fund.

December 31, 1994

	TOTAL	GOVT. MONEY MARKET FUND	SHORT- INTER- MEDIATE GOVT. FUND	BALANCED FUND	GROWTH AND INCOME FUND	MAGELLAN FUND	OVERSEAS FUND
Assets:							
Investments, at fair value							
Mutual fund assets	\$15,699,683	\$6,765,969	\$ 0	\$836,053	\$3,140,449	\$3,043,570	\$343,791
Quanex Corporation common stock	235,079						
Common/commingled trust	301,399						
Participant loans	754,101	314,250	0	38,831	145,861	141,361	15,968
Total Investments	16,990,262	7,080,219	0	874,884	3,286,310	3,184,931	359,759
Contributions receivable							
Employer	99,021	30,769	0	11,931	18,012	21,579	1,411
Employee	92,359	24,651	0	10,338	18,126	21,061	1,604
	191,380	55,420	0	22,269	36,138	42,640	3,015
Net assets available for benefits	\$17,181,642	\$7,135,639	\$ 0	\$897,153	\$3,322,448	\$3,227,571	\$362,774

	CONTRA- FUND	QUANEX COMMON STOCK	PURITAN FUND	COMMON\ COMMINGLED TRUST
Assets:				
Investments, at fair value				
Mutual fund assets	\$1,496,428		\$73,423	
Quanex Corporation common stock		\$235,079		\$301,399
Common/commingled trust				
Participant loans	69,503	10,918	3,410	13,999
Total Investments	1,565,931	245,997	76,833	315,398
Contributions receivable				
Employer	13,214	592	665	848
Employee	11,350	1,018	940	3,271
	24,564	1,610	1,605	4,119
Net assets available for benefits	\$1,590,495	\$247,607	\$78,438	\$319,517

December 31, 1993 (Unaudited)

	TOTAL	GOVT. MONEY MARKET FUND	SHORT- INTER- MEDIATE GOVT. FUND	U.S. BOND INDEX FUND	BALANCED FUND	GROWTH AND INCOME FUND	MAGELLAN FUND	OVERSEAS FUND	CONTRA- FUND
Assets:									
Investments, at fair value									
Mutual fund assets	\$15,492,445	\$4,331,275	\$2,422,025	\$ 0	\$786,558	\$3,138,194	\$2,981,202	\$298,649	\$1,534,542
Participant loans	754,644	246,317	182,058	0	6,127	140,570	153,043	1,276	25,253
Total Investments	16,247,089	4,577,592	2,604,083	0	792,685	3,278,764	3,134,245	299,925	1,559,795
Contributions receivable									
Employer	87,333	17,172	9,060	0	11,229	16,903	19,657	567	12,745
Employee	76,973	13,321	6,642	0	10,086	15,675	17,857	914	12,478
	164,306	30,493	15,702	0	21,315	32,578	37,514	1,481	25,223
Net assets available for benefits	\$16,411,395	\$4,608,085	\$2,619,785	\$ 0	\$814,000	\$3,311,342	\$3,171,759	\$301,406	\$1,585,018



I. ALLOCATION OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS TO INVESTMENT PROGRAMS

The following tables provide supplemental information regarding the change in net assets available for benefits by investment fund.

December 31, 1994

	TOTAL	GOVT. MONEY MARKET FUND	QUANEX COMMON STOCK	COMMON\ COMMINGLED TRUST	BALANCED FUND	GROWTH AND INCOME FUND	PURITAN FUND
Investment income:							
Interest and dividends	\$687,316	\$224,906	\$1,666	\$7,315	\$25,994	\$228,631	\$2,462
Net appreciation (depreciation) in fair value of investments	(571,943)	0	(2,321)	0	(73,391)	(173,087)	(3,099)
Total	115,373	224,906	(655)	7,315	(47,397)	55,544	(637)
Contributions:							
Employer	1,120,702	291,733	2,686	3,752	134,951	212,488	2,845
Less forfeitures	(20,055)	(4,291)	0	0	(1,085)	(2,622)	0
	1,100,647	287,442	2,686	3,752	133,866	209,866	2,845
Employee	1,178,336	237,777	50,706	8,814	133,354	235,006	4,693
	2,278,983	525,219	53,392	12,566	267,220	444,872	7,538
Interest on participant loans	51,773	9,048	0	41	6,535	12,936	20
Total Additions	2,446,129	759,173	52,737	19,922	226,358	513,352	6,921
Benefit payments	1,672,433	733,507	2,320	2,972	147,526	231,561	724
Administrative Fee	3,449	275	0	0	54	405	19
	1,675,882	733,782	2,320	2,972	147,580	231,966	743
Fund transfers	0	2,502,163	197,190	302,567	4,375	(270,280)	72,260
Increase in net assets available for benefits	770,247	2,527,554	247,607	319,517	83,153	11,106	78,438
Net assets available of benefits:							
Beginning of year	16,411,395	4,608,085	0	0	814,000	3,311,342	0
End of year	\$17,181,642	\$7,135,639	\$247,607	\$319,517	\$897,153	\$3,322,448	\$78,438

	MAGELLAN FUND	OVERSEAS FUND	CONTRA- FUND	SHORT INTER- MEDIATE GOVT FUND
Investment income:				
Interest and dividends	\$117,968	\$3,476	\$11,202	\$63,696
Net appreciation (depreciation) in fair value of investments	(175,101)	(5,168)	(32,841)	(106,935)
Total	(57,133)	(1,692)	(21,639)	(43,239)
Contributions:				
Employer	253,862	10,942	162,937	44,506
Less forfeitures	(6,365)	(50)	(3,517)	(2,125)
	247,497	10,892	159,420	42,381
Employee	271,963	15,923	179,701	40,399
	519,460	26,815	339,121	82,780
Interest on participant loans	11,792	205	8,864	2,332
Total Additions	474,119	25,328	326,346	41,873
Benefit payments	173,120	14,196	114,938	251,569
Administrative Fee	2,593	0	103	0
	175,713	14,196	115,041	251,569

Fund transfers	(242,594)	50,236	(205,828)	(2,410,089)
	-----	-----	-----	-----
Increase in net assets available for benefits	55,812	61,368	5,477	(2,619,785)
Net assets available of benefits:				
Beginning of year	3,171,759	301,406	1,585,018	2,619,785
	-----	-----	-----	-----
End of year	<u>\$3,227,571</u>	<u>\$362,774</u>	<u>\$1,590,495</u>	<u>\$0</u>
	=====	=====	=====	=====

I. ALLOCATION OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS TO INVESTMENT PROGRAMS  
(continued)

December 31, 1993 (Unaudited)

	TOTAL	GOVT. MONEY MARKET FUND	SHORT- INTER- MEDIATE GOVT. FUND	U. S. BOND INDEX FUND	BALANCED FUND	GROWTH AND INCOME FUND	MAGELLAN FUND
Investment income:							
Interest and dividends	\$891,916	\$127,506	\$142,733	\$14,812	\$63,407	\$169,672	\$260,394
Net appreciation (depreciation) in fair value of investments	736,578	0	(18,189)	37,569	33,765	306,495	265,428
Total	1,628,494	127,506	124,544	52,381	97,172	476,167	525,822
Contributions:							
Employer	1,050,833	205,594	117,995	0	126,772	208,805	227,883
Less forfeitures	19,602	8,872	1,531	0	1,292	2,980	4,201
	1,031,231	196,722	116,464	0	125,480	205,825	223,682
Employee	1,043,363	164,666	104,923	0	134,605	224,309	227,388
	2,074,594	361,388	221,387	0	260,085	430,134	451,070
Interest on participant loans	44,842	5,885	4,653	384	5,519	11,665	8,492
Total Additions	3,747,930	494,779	350,584	52,765	362,776	917,966	985,384
Benefit payments	1,353,612	296,196	619,134	0	83,519	222,734	95,572
Fund transfers	0	(649,799)	2,888,335	(3,259,157)	146,621	191,800	103,559
Increase in net assets available for benefits	2,394,318	(451,216)	2,619,785	(3,206,392)	425,878	887,032	993,371
Net assets available for benefits:							
Beginning of year	14,017,077	5,059,301	0	3,206,392	388,122	2,424,310	2,178,388
End of year	\$16,411,395	\$4,608,085	2,619,785	\$0	\$814,000	\$3,311,342	\$3,171,759
	OVERSEAS FUND	CONTRA- FUND					
Investment income:							
Interest and dividends	\$5,194	\$108,198					
Net appreciation (depreciation) in fair value of investments	13,061	98,449					
Total	18,255	206,647					
Contributions:							
Employer	2,571	161,213					
Less forfeitures	0	726					
	2,571	160,487					
Employee	3,482	183,990					
	6,053	344,477					
Interest on participant loans	0	8,244					
Total Additions	24,308	559,368					
Benefit payments	0	36,457					
Fund transfers	277,098	301,543					
Increase in net assets available for benefits	301,406	824,454					
Net assets available for benefits:							
Beginning of year	0	760,564					
End of year	\$301,406	\$1,585,018					



Item 27a - Schedule of Assets Held for Investment Purposes  
 EIN: 38-1872178; PN 017

QUANEX CORPORATION  
 NICHOLS-HOMESHIELD 401(K) SAVINGS PLAN

SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
 DECEMBER 31, 1994

	Shares/ Par Value -----	Cost -----	Current Value -----
Mutual fund assets Fidelity Investments:			
-----			
Government Money Market Fund*	6,765,969	\$6,765,969	\$6,765,969
Balanced Fund*	68,027	883,328	836,053
Puritan Fund*	4,958	76,431	73,423
Contrafund*	49,420	1,458,844	1,496,428
Growth and Income Fund*	148,907	3,143,386	3,140,449
Magellan*	45,562	3,090,646	3,043,570
Overseas Fund*	12,593	348,306	343,791
		-----	-----
Total Mutual Fund Assets		15,766,910	15,699,683
		-----	-----
Quanex Corporation Common Stock*	10,277	239,652	235,079
Common/Commingled Trust*	301,399	301,399	301,399
Participant loans (bearing interest rates from 7.85% to 11%)			754,101
		-----	-----
Total investments		\$ 16,307,961	\$ 16,990,262
		=====	=====

\*Party-in-Interest



Item 27d - Schedule of Reportable (5%) Transactions  
 EIN 38-1872178; PN 017  
 NICHOLS-HOMESHIELD 401(K) SAVINGS PLAN  
 SUPPLEMENTAL SCHEDULE OF 5% REPORTABLE TRANSACTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 1994

Series of Transactions

Description	Total Number of Purchases During Plan Year	Purchase Price	Total Number of Sales During Plan Year	Selling Price	Cost of Asset	Current Value on Transaction Date	Net Gain (Loss)
Quanex Corporation Common Stock	11	\$255,321	1	\$20,171	\$17,920	\$20,171	\$2,251
Puritan Fund	23	77,754	2	1,323	1,232	1,323	91
Magellan Fund	97	1,098,712	66	866,282	861,242	866,282	5,040
Contrafund	86	817,002	52	839,472	822,275	839,472	17,197
Growth & Income Fund	87	955,156	55	823,496	779,814	823,496	43,682
Overseas Fund	40	614,453	12	575,726	564,143	575,726	11,583
Balanced Fund	74	412,678	49	280,681	289,793	280,681	(9,112)
Government Money Market Fund	86	4,361,299	79	1,926,604	1,926,604	1,926,604	0

NICHOLS-HOMESHIELD 401(K) SAVINGS PLAN

SUPPLEMENTAL SCHEDULE OF 5% REPORTABLE TRANSACTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 1994

Series of Transactions  
 (continued)

Description	Total Number of Purchases During Plan Year	Purchase Price	Total Number of Sales During Plan Year	Selling Price	Cost of Asset	Current Value on Transaction Date	Net Gain (Loss)
Common/Commingled Trust	28	580,428	2	279,029	279,029	279,029	0
Short Intermediate Government Fund	43	\$180,918	32	\$2,369,156	\$2,496,007	\$2,369,156	\$(126,851)

## SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

DATE 6/26/95

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/s/ Joseph K. Peery  
Joseph K. Peery

EXHIBIT  
NUMBER

23.1 Independent Auditor's Consent

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 33-54081 of Quanex Corporation on Form S-8 of our report dated May 17, 1995, appearing in this Annual Report on Form 11-K of Nichols-Homesfield 401(k) Savings Plan for the year ended December 31, 1994.

/s/ Deloitte & Touche LLP

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DELOITTE & TOUCHE LLP

Houston, Texas  
June 29, 1994